

Honolulu, Hawaii

FEB 6 - 2019

RE: S.B. No. 651  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 651 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose and intent of this measure is to expand opportunities for certain entities, including farmers, to obtain investment capital for their operations and be eligible for a non-agricultural park lease by:

- (1) Inserting a definition of "bona fide farmer" that applies to the non-agricultural park lands program; and
- (2) Exempting individual members, trustees, officers, and stockholders of certain entities from the required individual qualifications of a "bona fide farmer".

Your Committee received testimony in support of this measure from one member of the Hawai'i County Council, Hawai'i Farm Bureau, Hawaii Aquaculture & Aquaponics Association, Ponoholo Ranch Limited, and three individuals. Your Committee received comments on this measure from the Department of Agriculture.

Your Committee finds that the Department of Agriculture's non-agricultural park lands program supports new and bona fide farmers, among others, who are generally farmers engaged in



diversified agriculture on smaller parcels, in gaining a foothold in the agricultural industry. However, these technologies often require high investments of capital that farmers are often unable to access alone. By partnering with investors or establishing partnerships with others who have access to capital, farmers may be able to invest in these technologies and other capital necessary to establish and grow their businesses.

Your Committee further finds that this measure allows for some investors, such as members of agricultural cooperatives, to invest in local food production and technology by expanding the definition of a "bona fide farmer". However, your Committee expressed concerns that this measure, as written, could create loopholes to allow corporations, some of which have no members who meet certain qualifications regarding farming, to qualify for non-agricultural park leases.

In order to ensure that this measure does not have unintended consequences, your Committee has amended this measure by:

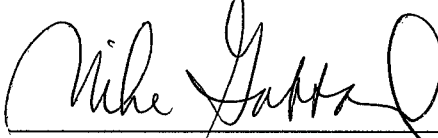
- (1) Deleting language that proposed a new definition of "bona fide farmer" to apply to the non-agricultural park lands program;
- (2) Deleting language that would have exempted individual members, trustees, officers, and stockholders of certain entities from the required individual qualifications of a "bona fide farmer";
- (3) Inserting language to allow the Board of Agriculture to decide on a case-by-case basis the eligibility of an entity seeking a non-agricultural park lease to construct and operate an agricultural or aquacultural facility requiring more than \$500,000 in acquisition costs;
- (4) Establishing certain conditions and qualifications that must be met in order for the Board of Agriculture to deem the entity eligible for a lease; and
- (5) Adding a sunset date of June 30, 2024; and



- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 651, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 651, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Agriculture and  
Environment,




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MIKE GABBARD, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Agriculture and Environment**  
**AEN**

Bill / Resolution No.:* <b>SB651</b>	Committee Referral: <b>AEN, WAM</b>	Date: <b>02-01-2019</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	<del>/</del>			
RUDERMAN, Russell E. (VC)	<del>/</del>			
RHOADS, Karl	<del>/</del>			
THIELEN, Laura H.	<del>/</del>			
FEVELLA, Kurt	<del>/</del>			
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:    Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes